

means is all of those capital gains tax reductions will certainly create jobs and increase revenue to the Government. They cannot score it that way, but everyone who studies this knows a capital gains tax cut is a real winner for everyone.

#### INTRODUCTION OF THE VETERANS HEALTH CARE REFORM ACT OF 1995

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. EDWARDS] is recognized for 5 minutes.

Mr. EDWARDS. Mr. Speaker, the Congress has a long record of support for America's veterans and for the VA health care system on which so many veterans depend.

That system, like health care delivery generally, is facing an era of challenge and change. A critical factor for both the private and public health sectors, of course, is the high cost of health care delivery. Managing within a fixed budget, the VA has long been a cost-conscious provider of care. In recent months, however, VA's leadership has initiated additional reforms aimed at achieving more efficient service delivery.

We continue to press the VA to streamline and improve its delivery of care. We also recognize, however, that the Department operates within a statutory framework which from time to time needs revision. It has become clear to me that at least one key element of VA benefits law no longer serves the veteran or VA effectively. Specifically, the laws governing eligibility for VA care have become archaic and need to be modified. Those laws—some reflecting medical practices of years ago—make it easier to get costly hospital in-patient care than routine outpatient treatment. As a result, VA facilities often face the choice of denying a veteran routine outpatient treatment, providing that treatment illegally, or hospitalizing the individual to circumvent statutory limitations.

There is relatively broad consensus that enactment of health care eligibility reform is a top priority. Veterans have been urging Congress to enact a law which would guarantee comprehensive health care coverage, including long-term care, to service-connected, low-income, and others with a high priority to VA services. We attempted to achieve that goal last session as part of the broader pursuit of national health care reform, but were ultimately unsuccessful. I do not believe the prospects for that kind of comprehensive legislation have improved.

In my judgment, we can best achieve our common goals for VA eligibility reform incrementally. The reforms proposed in the Veterans Health Care Reform Act of 1995, which I'm introducing today, are incremental, but they are also important. My bill would for the first time eliminate barriers to routine

outpatient treatment, and make medical need rather than a questionable legal test the basis for determining whether a patient requires hospitalization or a clinic visit. The changes would not only make VA eligibility rules more rational, they would expand the benefits available to most veterans. Under current law, only a limited group of veterans—those 50 percent or more service-connected disabled—are assured of receiving comprehensive outpatient treatment. The bill calls on VA to manage resources so as to provide comprehensive outpatient treatment, as well as hospitalization, to a much broader spectrum of veterans, including those receiving compensation for a service-connected disability, former prisoners-of-war, World War I veterans, and lower income veterans.

Although I believe VA medical care merits a greater percentage of discretionary funding than it receives, the bill's proposed expansion of eligibility does not depend on additional appropriations. The bill instead envisions that the VA will shift care from its hospital wards to its outpatient clinics, and with the shift free up resources. Studies have found that some 40 percent of episodes of VA hospital care could more appropriately have been provided on an outpatient basis. In part, the problem is that VA facilities have more hospital bed capacity than they need, but not enough space and staff devoted to providing outpatient treatment. The bill would reverse that. It would provide VA a means to expand its outpatient treatment capacity by permitting the Department to retain for these purposes third-party collections above the Congressional Budget Office baseline level.

Let me stress that this bill is an important step forward, and a step on which we can build in the future. While its provisions would only have effect for a 3-year period, its implementation will provide the kind of data and experience VA and the Congress need for the still more comprehensive reforms that veterans seek and deserve.

#### DISTORTIONS ABOUT THE TAX REDUCTION BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DOOLITTLE) is recognized for 5 minutes.

Mr. DOOLITTLE. Mr. Speaker, many of us are looking forward with greater anticipation tomorrow to passing what is a most significant provision of the Contract With America. That is the tax bill with all of the attendant benefits for families throughout the United States.

We have heard much talk from the other side about benefiting the rich, gross distortions of what this bill actually does, and a constant reference to the rich or to really utilizing a technique, if you will, of class warfare.

Mr. Speaker, I just would like to point out the Constitution of the Unit-

ed States and the writings of the Founders of this great country make no mention of class or income level. Indeed, the Declaration of Independence proclaims that all men are created equal, which means that all men and women stand equal before God in their entitlement to exercise their inalienable or God-given rights of life, liberty, and the pursuit of happiness.

We all know that the American family is overtaxed today. In fact, Americans are overtaxed, paying a higher percentage today in taxes than at any time since World War II, and we are not in a war right now, Mr. Speaker. We are fighting for survival against the Government which seeks to regulate and tax out of existence the very Americans who provide for its support.

Now, we hear from many critics on the other side the idea that we ought to sacrifice in essence for Government so that Government can tax the people's money, bring it back here to Washington, run it through the bureaucracy and trickle it back down again out to the end recipient.

Study after study shows that we lose between half and two-thirds of every tax dollar that is taken in that fashion. That is a gross waste of resources and a burden on Americans that we can no longer afford. We are making a start to turn that around with this very important piece of tax legislation tomorrow which cuts taxes for everyone.

I would just like to reference a chart that shows the effect, for example, of the capital gains tax cut where we are constantly criticized for benefiting the rich, and I would just like to reference this chart prepared by the Bureau of National Affairs which indicates that the distribution of tax returns reporting a capital gain with income measured as the adjusted gross income minus the capital gains, and you can clearly see that 70 percent of the returns filed claiming capital gains are for people whose incomes, adjusted gross incomes, are under \$50,000, 70 percent. For those with adjusted gross incomes of over \$200,000, only 2 percent filed such returns.

So do we all benefit from these capital gains provisions? Yes, we do. And by the way, the distribution of the benefits for the \$500-a-child tax credit is roughly in similar proportion to what we see here with the capital gains.

Again, the vast bulk of the benefits go to people of middle incomes. But again we are changing the tax provisions to say children have value and whether you are rich or poor, we as a government are going to recognize that with a \$500 per child tax credit. It is right in the philosophy of a man who as a good Democrat, President John F. Kennedy, who proclaimed "A rising tide lifts all boats." That is the philosophy of the Contract With America. We believe in restoring competitiveness to our economy. We believe in increasing the rate of economic growth. We believe in increasing the savings rate of individuals, and we do that in this tax